CANRON LIMITED

ANNUAL REPORT 1973

Highlights

(in thousands of dollars—except per share statistics)

	1973	1972	Increase (Decrease)
Sales	**$223,857**	$199,420	12.3%
Net Earnings	**$ 6,545**	$ 5,351	22.3%
Capital Expenditures	**$ 6,306**	$ 4,762	32.4%
Depreciation	**$ 4,838**	$ 4,511	7.2%
Shareholders' Equity	**$ 47,539**	$ 43,612	9.0%
Bank Advances and Long-Term Debt	**$ 56,122**	$ 44,878	25.1%
Working Capital	**$ 25,035**	$ 25,776	(2.9%)
Earnings per Common Share	**$ 2.60**	$ 2.12	22.6%
Dividends per Common Share	**$ 1.00**	$ 1.00	—
Book Value per Common Share	**$18.43**	$16.83	9.5%
Net Earnings as % of Sales	**2.9%**	2.7%	7.4%
Net Earnings as % of Common Shareholders' Equity	**14.1%**	12.6%	11.9%

Annual Meeting:
The fifty-eighth annual meeting of shareholders will be held in Salon Viger, Château Champlain Hotel, Montreal, Quebec, on Wednesday, April 24, 1974, at 11:00 a.m.

Head Office:
1 Place Ville Marie,
Montreal, Quebec.
H3B 2A8

Stock Listings:
Montreal, Toronto and Vancouver Stock Exchanges.

Transfer Agent:
Montreal Trust Company, Montreal, Toronto, Halifax, Winnipeg, Regina, Calgary, Vancouver.

Registrar:
The Royal Trust Company, Montreal, Toronto, Halifax, Winnipeg, Regina, Calgary, Vancouver.

Si vous préférez recevoir ce rapport annuel en français, prière d'en aviser le secrétaire de Canron Limitée, 1 Place Ville Marie, Montréal, Québec, H3B 2A8.

Directors' Report to the Shareholders

C. S. Malone, President and Chief Operating Officer, and H. J. Lang, Chairman of the Board and Chief Executive Officer.

We are pleased to report that 1973 was another year of substantial achievement and progress for the company. Sales of $224 million and net earnings of $6.5 million were at record levels with increases of 12% and 22% respectively over the previous year. Per share earnings of $2.60 compared with $2.12 last year. Net earnings represented a return of 14.1% on shareholders' equity.

It is particularly encouraging that the growth in sales and earnings was spread across most of the company's operations and resulted in a better balance in operating earnings than in recent years. Further improvement is required in some divisions in spite of their better performance in 1973.

Sales from Canadian operations were 9.3% higher than last year although exports, which depend mainly on large individual contracts, declined. Sales of non-Canadian operations increased 21%. The net result was that in 1973, 73% of the company's products were made in Canada compared with 75% in the previous year.

The strong demand for the company's products brought about a greater utilization of manufacturing facilities, with operating margins slightly higher than last year. However, benefits which normally accompany a rise in activity level were not as great as would be expected. Higher interest rates on increased short-term borrowings reduced potential earnings. During the year there was also an exceptionally rapid escalation of material and other costs. In such conditions, the time interval between receipt of orders and shipment of finished products often affects profits as, in most cases, higher manufacturing costs cannot be offset immediately by corresponding adjustments to selling prices. Steps were taken to overcome this disadvantage by endeavouring to include provisions for material cost escalation in quotations and to limit firm prices to shorter periods. The higher sales volume resulted in improved earnings which, when expressed as a percentage of sales, were 2.9%, up only slightly from 2.7% last year. This ratio is still not adequate for healthy growth in the capital goods manufacturing industry nor sufficient in some areas to justify expansion. An average return of 4% is considered to be a reasonable target.

The $131 million backlog of orders at year-end compared with $72 million at the beginning of 1973. Approximately 75% of the work on hand is scheduled for completion in 1974. With this satisfactory order position and a continuing strong demand for our products, sales are expected to set a new record in 1974. There are bound to be pressures on operating margins due to shortages and further price increases for essen-

tial materials. Indirect effects of the energy crisis, an inflationary psychology and indications of difficult labour negotiations may also present problems but, on balance, the outlook for the company in 1974 is favourable.

Many factors contributed to the higher level of activity in 1973, led by general economic growth in Canada and the United States. Currency revaluations tended to improve the competitive position of North American industry. The Federal Government's policy of accelerated depreciation and reduced income tax rates for manufacturing and processing industries stimulated expansion which, in turn, increased the demand for capital goods and other products manufactured by Canron.

The company has over the years established a strong base in its various businesses: water transmission pipe and ancillary products; railway track maintenance equipment; foundry products; structural steel fabrication for industrial and commercial buildings, power plants, bridges and oil storage tanks; equipment for the steel, mining, rubber and pulp and paper industries; oil and gas pipeline valves; electric motors and generators and metal forming and fabrication machinery.

As the company continues to benefit from the increase in capital spending, so also will we need to increase internal capital expenditures for additional production capacity. In 1973 this amounted to $8.0 million for plant expansion, modernization, installation of pollution abatement equipment and the acquisition of a cast iron pipe manufacturing facility in Alberta. Depreciation and retained earnings totalled $9 million. The 1974 expenditures are likely to exceed $10 million, which amount can be provided by internally generated funds. With continued expansion of sales, the company expects to arrange additional long-term financing to provide adequate working capital. We will also continue to depend on a reasonable amount of short-term debt in relation to the value of inventories and receivables. This is considered to be a sound policy, as our operations do not require a significant amount of finished products inventory which is subject to rapid obsolescence.

As an independent Canadian company, Canron has no real limitations on its potential areas of business activity. It is not anticipated, however, that the company's present business strategy will change significantly in the near future. It is intended to continue the policy of maximizing the use of existing manufacturing expertise and to seek opportunities for profitable growth in markets where an acceptable return on investment can be achieved. Thus it is probable that, along with internal expansion and product development, it will be desirable at times to acquire new operations and dispose of others. To accomplish these objectives the company is organized with the concept of decentralized operating management, while maintaining specific financial goals and control structures.

Mr. Alan D. McCall, having reached retirement age, became ineligible in April 1973 to continue as a Director of the company. In recognition of his distinguished service on the Board for 33 years and his valuable contribution as a member of the Executive Committee, the Directors have appointed him an Honorary Director. Mr. Paul Paré, B.C.L., President and Chief Executive Officer, Imasco Limited and Chairman of Imperial Tobacco Products Limited was elected to fill the vacancy at the Annual Meeting of Shareholders on April 25, 1973.

There are further comments on the financial results and details of the company's operations on the following pages of this Annual Report. The substantial gains of the past year are, to a large measure, the result of the very fine efforts of the company's employees. It is with pleasure that the Directors record their appreciation of these services.

On behalf of the Board,

Chairman and Chief Executive Officer

President and Chief Operating Officer

Montreal, Que., March 29, 1974

Financial Review

M. D. Calder, Controller; W. D. Moncur, Treasurer; and W. I. Niles, Vice-President, Finance.

The 1973 financial statements reflect the biggest year in the company's history. Sales, earnings, and orders booked all exceeded previous records.

Orders booked during the year exceeded shipments by $60 million, and the BACKLOG at year-end was at a new high of $131 million.

Sales and Net Earnings
The $24.4 million increase in SALES, to a record $223.8 million, was distributed over most of the company's operations, with particularly strong gains in the Pipe and Foundry Group.

NET EARNINGS of $6.5 million were up $1.2 million over 1972 and exceeded the previous record of $5.4 million established in 1966.

It is the company's policy to record SALES and PROFIT in the month in which goods are shipped, or when a construction contract is substantially completed. Since construction contracts extend over longer periods of time and are completed at irregular intervals, there frequently are wide fluctuations in the quarterly sales and earnings. This is illustrated in a recap of quarterly results as follows:

Quarter	Sales (millions) 1973	Sales (millions) 1972	Earnings per Share (dollars) 1973	Earnings per Share (dollars) 1972
First	$42.5	$39.3	$ .07	$ .05
Second	55.6	51.4	.65	.74
Third	54.7	49.8	.72	.60
Fourth	71.0	58.9	1.16	.73
	$223.8	$199.4	$2.60	$2.12

The consolidated GROSS MARGIN increased to 16.6% of sales, compared with 16.2% in 1972. The improved margin and higher sales volume resulted in a gain of $4.7 million at the gross margin level of operations.

SELLING and ADMINISTRATIVE EXPENSES in relation to the sales dollar were slightly lower this year — 9.7% against 9.8% last year. Sales commissions are a significant part of this expense and generally move in direct relation to the change in sales volume.

INTEREST EXPENSE increased sharply in 1973, to a total of $4.1 million against $3.3 million in the previous year. Higher interest rates on short-term borrowing accounted for $500,000 of the increase, and the remaining $283,000 resulted from a higher average level of borrowing during the year. The effective rate of interest on all borrowing in 1973 was 7.7% compared with 6.7% for 1972.

The effective rate of INCOME TAX for 1973 was 41% compared with 43% last year. The lower tax rate applicable in 1973 to manufacturing and processing earnings from Canadian sources was the principal reason for the reduction and contributed about eight cents to 1973 earnings per share.

The income tax provision is calculated on the actual earnings reported in the financial statements. The various tax incentives, such as accelerated depreciation, do not affect the reported earnings of the company, but only the timing of tax payments. This is reflected on the balance sheet, under the non-current deferred liabilities for income taxes. The majority of tax incentives do not reduce the amount of taxes ultimately paid by the company, but provide a form of financing assistance by deferring payment of a portion of the tax.

NET EARNINGS PER SHARE this year, after providing for dividends payable to preferred shareholders, were $2.60 compared with $2.12 for 1972.

The 1973 NET EARNINGS represent 2.9% of sales, up from 2.7% last year. This is the highest rate since 1967 but is still below the 3.5% four year average attained in the mid nineteen sixties. However, this year's RETURN ON SHAREHOLDERS' EQUITY was 14.1%, compared with 12.6% for 1972 and a 14.0% average in the same period of higher earnings per sales dollar referred to above.

Assets and Liabilities

At Dec. 31, 1973, the company's WORKING CAPITAL totalled $25.0 million, down $741,000 from the beginning of the year.

A significant part of the working capital is INVENTORIES and ACCOUNTS RECEIVABLE. There can be a substantial change in the balance of these assets over a short period of time reflecting variations in the level of business. It is the company's policy to finance a significant part of the working capital by means of SHORT-TERM BORROWING and for this purpose maintains substantial LINES OF CREDIT with its principal banks. In addition to bank borrowing, the company also issues its own short-term notes.

Inventories and receivables totalled $99.1 million at Dec. 31, 1973 while the bank advances were $34.8 million. These balances represent increases of $19.7 million and $14.7 million respectively over the 1972 amounts.

On occasion, short-term borrowing is used for interim financing of business acquisitions. This was done in the fourth quarter of 1973 for the acquisition of the Anthes pipe plant and business in Calgary. The interim financing is eventually replaced by long-term arrangements.

The company's history of BAD DEBT expense has been excellent and the year 1973 was no exception. Appropriate reserves are maintained, and the write-off over the past several years against these reserves has averaged about one-tenth of one percent of sales.

FIXED ASSET additions in 1973 totalled $8.0 million including $1.7 million for the acquisition of the pipe plant and equipment at Calgary. In 1972 there were no business acquisitions and the additions amounted to $4.8 million. Disposals for the year were $529,000, compared with $2.6 million in 1972, which included the sale of the fixed assets of the fractional horsepower electrical motor business. DEPRECIATION charges in 1973 were $4.8 million, compared with $4.5 million for the previous year.

There has been a substantial increase over the past several years in the level of both fixed asset additions and depreciation. In 1968, when the present depreciation rates were adopted, fixed asset additions were only $2.6 million. The subsequent increases reflect the change in the volume of business and the need to maintain modern productive facilities and provide environmental protection equipment. Based on current net book values, about 60% of the company's investment in plant and equipment is located in Canada, 25% in United States, and the remaining 15% in Europe and Australia.

OTHER ASSETS include $3.4 million LONG-TERM ACCOUNTS RECEIVABLE. These are mainly interest-bearing notes from customers, and the terms generally correspond to prevailing open market quotations for similar types of financing, and include government or other suitable guarantees of repayment.

The PATENTS were acquired in 1967 and cover various types of machinery and equipment manufactured and sold by the company. The purchase price is being amortized over twelve years.

The company's policy with regard to the calculation and recording of income taxes has been described in the preceding paragraphs. The long-term DEFERRED INCOME TAX LIABILITY increased $516,000 to $3.9 million at the end of 1973. This deferred liability is not expected to become payable in the foreseeable future.

LONG-TERM DEBT totalled $21.3 million at year-end. This includes the current portion of $2.9 million payable during 1974. The company continued to purchase its DEBENTURES on the open market at favourable prices, and the 1973 debenture sinking fund requirements of $975,000 were fully satisfied in this manner. The sinking fund, mortgage and term loan repayments for the year totalled $3.5 million.

SHAREHOLDERS' EQUITY at year-end was $47.5 million, an increase of $3.9 million for the year. This accumulation of net earnings is required to finance current and future growth. At year-end, the book value of each common share was $18.43, up from $16.83 at the end of 1972.

The 1973 DIVIDEND paid on each common share was at the same annual rate of $1.00 that has been in effect since 1966, and represents a payout ratio of 38% of net earnings for the current year. Over the past 10 years, the dividend payout on common shares averaged 52% of net earnings and ranged from a low of 28% to a high of 102%.

A total of 575 PREFERRED SHARES were purchased on the open market in 1973 and cancelled. As a result of these purchases, the book value of the outstanding preferred shares was reduced $57,500 to a balance of $1.7 million.

Canron COMMON and PREFERRED shares are listed on the Montreal, Toronto and Vancouver stock exchanges. The closing prices at December 31, 1973, based on the Toronto Stock Exchange quotations and the V-day values of these securities were as follows:

	Dec. 31, 1973	V-Day
Common Shares	$18.50	$19.38
Preferred Shares	$70.00	$70.00

CURRENCY REVALUATIONS in 1973 had a significant impact on a number of the major world currencies. The company has substantial investments in operations outside Canada, principally in United States and Switzerland. The relationship of the Canadian and U.S. dollars remained relatively stable throughout 1973; however, the Swiss franc appreciated about 14% in 1973. In accordance with generally accepted accounting policies, only the current assets and current liabilities of the company's foreign subsidiaries have been translated at the current rates of exchange on consolidation. The current assets of the Swiss subsidiary exceeded the Swiss franc current liabilities resulting in an unrealized gain as of Dec. 31, 1973. This unrealized gain has been treated as a reserve on the company's balance sheet and has not been credited to earnings.

The financial statements and a TEN-YEAR REVIEW of financial and other statistics follow. Additional comments relating to trends over the ten year period are given with the statistical review.

Consolidated Statement of Earnings

for the year ended December 31, 1973 (thousands of dollars)

	1973	1972
SALES (note 2)	$223,857	$199,420
COSTS AND EXPENSES		
Cost of sales	186,788	167,063
Selling and administrative	21,835	19,580
Interest	4,139	3,356
	212,762	189,999
EARNINGS BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	11,095	9,421
INCOME TAXES	4,550	4,040
EARNINGS BEFORE EXTRAORDINARY ITEM	6,545	5,381
EXTRAORDINARY ITEM (note 7)	—	(30)
NET EARNINGS FOR THE YEAR	$ 6,545	$ 5,351
EARNINGS PER COMMON SHARE		
Earnings before extraordinary item	$2.60	$2.13
Net earnings for the year	$2.60	$2.12

Consolidated Statement of Retained Earnings

for the year ended December 31, 1973 (thousands of dollars)

	1973	1972
BALANCE — BEGINNING OF YEAR	$ 33,364	$ 30,578
Net earnings for the year	6,545	5,351
	39,909	35,929
Dividends —		
On 4¼% preferred shares	71	75
On common shares	2,490	2,490
	2,561	2,565
BALANCE — END OF YEAR	$ 37,348	$ 33,364

See accompanying notes on pages 9, 10 and 11.

Consolidated Balance Sheet

as at December 31, 1973 (thousands of dollars)

ASSETS	1973	1972
CURRENT ASSETS		
Cash	$ 1,208	$ 869
Accounts receivable	49,129	42,491
Inventories (note 3)	50,001	36,942
Prepaid expenses	870	818
TOTAL CURRENT ASSETS	101,208	81,120
FIXED ASSETS (note 4)		
Property, plant and equipment — at cost	96,899	90,584
Accumulated depreciation	57,126	53,443
	39,773	37,141
OTHER ASSETS		
Long-term accounts receivable	3,422	3,387
Patents — at cost, less amortization	1,325	1,576
Unamortized debenture discount	290	323
	5,037	5,286
	$146,018	$123,547

LIABILITIES	1973	1972
CURRENT LIABILITIES		
Bank advances	$ 34,842	$ 20,145
Accounts payable and accrued liabilities	32,648	26,144
Dividends	640	641
Income taxes — current	2,314	1,310
— deferred relating to contracts	2,835	3,558
Long-term debt maturing within one year (note 5)	2,894	3,546
TOTAL CURRENT LIABILITIES	76,173	55,344
DEFERRED INCOME TAXES	3,920	3,404
LONG-TERM DEBT (note 5)	18,386	21,187

SHAREHOLDERS' EQUITY	1973	1972
PREFERRED SHARES (note 6)		
Authorized — 100,000 preferred shares of $100 par value		
Issued and fully paid — 16,519 — 4¼% cumulative redeemable preferred shares 1956 series	1,652	1,709
COMMON SHARES		
Authorized — 6,000,000 common shares of no par value.		
Issued and fully paid — 2,489,622 common shares	8,539	8,539
RETAINED EARNINGS	37,348	33,364
	47,539	43,612
	$146,018	$123,547

Signed on Behalf of the Board

H. J. Lang, Director **M. W. Mackenzie,** Director

Consolidated Statement of Source and Use of Funds

for the year ended December 31, 1973 (thousands of dollars)

	1973	1972
SOURCE OF FUNDS		
Net earnings before extraordinary item	$ 6,545	$ 5,381
Depreciation and amortization	5,122	4,832
Deferred income taxes	516	604
Provided from operations	12,183	10,817
USE OF FUNDS		
Fixed assets — additions	6,306	4,762
— arising from acquisitions	1,693	—
— disposals	(529)	(2,573)
	7,470	2,189
Decrease in long-term debt	2,801	3,367
Dividends	2,561	2,565
Increase in long-term accounts receivable	35	1,268
Other	57	116
	12,924	9,505
INCREASE (DECREASE) IN WORKING CAPITAL	(741)	1,312
WORKING CAPITAL — BEGINNING OF YEAR	25,776	24,464
WORKING CAPITAL — END OF YEAR	$ 25,035	$ 25,776

See accompanying notes on pages 9, 10 and 11.

Notes to Consolidated Financial Statements

for the year ended December 31, 1973

1. PRINCIPLES OF CONSOLIDATION

(a) The consolidated financial statements include the accounts of all subsidiaries from the date of acquisition.

(b) In 1973 the company acquired certain assets and operations of a company which manufactures iron pipe for a cash consideration of $4,250,000. This has been accounted for on the basis of purchase accounting. The net tangible assets acquired at the carrying value of the vendor company amounted to $3,441,000 and the balance of purchase price of $809,000 has been allocated to these assets.

(c) The accounts of foreign subsidiaries have been translated from other currencies as follows:

Current assets and liabilities at rates of exchange at the balance sheet date; long-term assets and liabilities and shareholders' equity at rates of exchange applicable at the time of acquisition or when the debt was incurred; income and expenses other than depreciation and amortization at the average rates of exchange during the year.

2. PRODUCT CLASSIFICATION

Sales are classified as follows:

	1973	1972
Structural steel	**15%**	18%
Foundry	**14%**	13%
Machinery, electrical and railway	**30%**	29%
Pipe	**32%**	31%
Agency and warehouse	**9%**	9%
	100%	100%

3. INVENTORIES

The inventories are valued at the lower of cost or net realizable value and comprise:

	(thousands of dollars) **1973**	1972
Finished products	**$15,785**	$14,882
Work-in-process	**30,536**	18,094
Raw materials & supplies	**24,990**	16,349
	71,311	49,325
Less: Progress billings	**21,310**	12,383
	$50,001	$36,942

4. PROPERTY, PLANT AND EQUIPMENT

	(thousands of dollars) 1973			1972
	Cost	Accumulated Depreciation	Net	Net
Land	**$ 3,736**	**$ —**	**$ 3,736**	$ 3,322
Buildings	**29,854**	**15,664**	**14,190**	12,455
Machinery & eqpt.	**63,309**	**41,462**	**21,847**	21,364
	$96,899	**$57,126**	**$39,773**	$37,141

5. LONG-TERM DEBT

	(thousands of dollars) 1973	1972
Debentures		
5½% to 6¾% sinking fund debentures due at various dates to 1987	**$15,360**	$17,025
Banks loans		
Term loans due in equal annual instalments to 1975	**3,218**	4,836
Mortgages		
3% to 5¾% due at various dates to 1990	**2,702**	2,872
	$21,280	$24,733
Maturing within one year	**2,894**	3,546
Long-term	**18,386**	21,187
	$21,280	$24,733

Payments required in the next five years to meet long-term debt requirements and sinking fund provisions are: 1974 — $2,894; 1975 — $2,856; 1976 — $1,261; 1977 — $1,266; 1978 — $867.

6. PREFERRED SHARES

During the year, 575 preferred shares of a par value of $57,500 were redeemed. The retained earnings include an amount of $2,623,600 which has been set aside in accordance with the requirements of the Canada Corporations Act and equal to the par value of the preferred shares redeemed to date.

7. EXTRAORDINARY ITEM

The 1972 extraordinary item of $30,000 arose from the sale or closing of various plants and comprises a net loss of $523,000 less income tax reductions of $277,000 and non-taxable gains of $216,000.

8. RETIREMENT PLAN

Under various retirement plans of the company and certain subsidiaries there existed an unfunded past service pension liability estimated at $1,700,000. This liability is being funded by annual instalments over 25 years.

9. STATUTORY INFORMATION

The following items are included in the consolidated statement of earnings:	1973 (thousands of dollars)	1972 (thousands of dollars)
Depreciation	**$4,838**	$4,511
Amortization of		
— patents	**$ 251**	$ 287
— debenture discount	**$ 33**	$ 34
Interest on long-term debt	**$1,636**	$1,694
Remuneration of directors	**$ 29**	$ 31
Remuneration of officers	**$ 853**	$ 749

Number of directors and officers:	1973	1972
Directors	**14**	14
Officers	**11**	11
Officers who are directors	**3**	3

Auditors' Report to the Shareholders

February 11, 1974

We have examined the consolidated balance sheet of Canron Limited and subsidiary companies as at December 31, 1973 and the consolidated statements of earnings, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand
Chartered Accountants

Ten-Year Review

(in thousands of dollars—except per share statistics)

			Net Earnings			Per Common Share		
Year	Sales	Income Taxes	Amount	as % of Sales	as % of Common Shareholders' Equity	Book Value	Net Earnings	Dividends
1973	**$223,857**	**$4,550**	**$6,545**	**2.9%**	**14.1%**	**$18.43**	**$2.60**	**$1.00**
1972	199,420	4,040	5,351	2.7	12.6	16.83	2.12	1.00
1971	205,248	3,184	4,220	2.1	10.6	15.71	1.66	1.00
1970	176,698	2,133	2,533	1.4	6.5	15.05	0.98	1.00
1969	138,088	1,985	3,003	2.2	7.8	15.07	1.17	1.00
1968	141,042	3,190	3,703	2.6	9.7	14.89	1.45	1.00
1967	142,011	4,230	4,402	3.1	11.8	14.47	1.72	1.00
1966	142,015	5,175	5,428	3.8	15.4	13.79	2.13	1.00
1965	133,867	5,830	5,183	3.9	16.4	12.58	2.06	0.58
1964	112,402	3,720	3,536	3.2	12.6	10.95	1.38	0.42

Year	Capital Expenditures	Depreciation	Working Capital	Bank Advances	Long Term Debt	Preferred Share Dividends	Number of Shareholders	Number of Employees
1973	**$6,306**	**$4,838**	**$25,035**	**$34,842**	**$21,280**	**$ 71**	**4,141**	**6,573**
1972	4,762	4,511	25,776	20,145	24,733	75	4,301	5,655
1971	2,877	4,371	24,464	19,772	27,405	79	4,687	6,114
1970	2,767	4,134	23,795	23,148	30,195	84	4,847	6,655
1969	2,801	3,217	24,307	21,111	25,249	86	4,926	5,197
1968	2,601	3,324	29,643	3,406	22,811	94	5,072	5,181
1967	2,109	4,108	31,790	4,711	23,459	108	5,318	5,224
1966	9,668	3,637	12,823	19,679	4,945	121	5,329	5,607
1965	6,096	3,292	16,288	16,819	5,592	144	4,430	5,261
1964	6,876	2,874	13,317	11,038	7,937	162	4,404	4,240

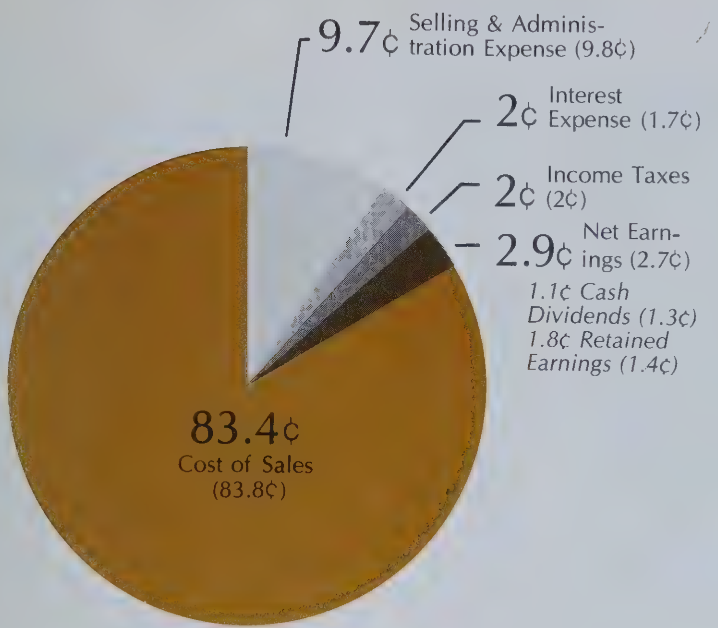
The TEN-YEAR REVIEW shows that SALES doubled in the 10 years — NET EARNINGS, although somewhat erratic during the first half of the period, have climbed steadily over the last three years and in 1973 were 85% higher than 10 years ago — the effective rate of INCOME TAX has declined from a high of nearly 53% in 1965 to 41% for 1973. This reflects not only changes in government fiscal policies during the 10 year period, but also the company's expansion beyond North America into areas of lower corporate taxation.

CAPITAL EXPENDITURES excluding acquisitions totalled $47.0 million over the ten years with 1973 expenditures of $6.3 million well ahead of the average annual amount of $4.7 million — TOTAL DEPRECIATION for the same period was $38.3 million.

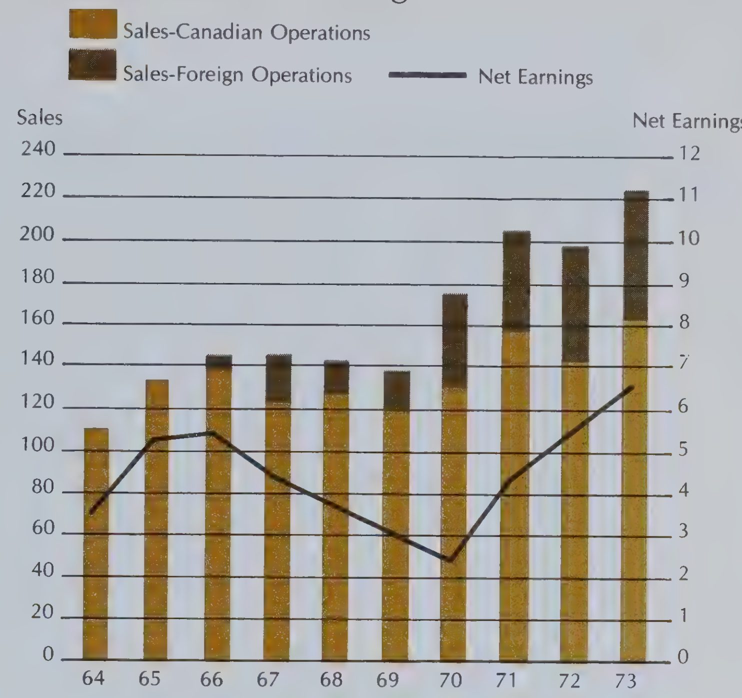
Net WORKING CAPITAL has remained more or less constant over the last five years after doubling in the first five. The level of BANK ADVANCES increased sharply in 1973 as a direct consequence of the higher balances of INVENTORIES and ACCOUNTS RECEIVABLE.

The steady decline in the NUMBER OF SHAREHOLDERS is very much indicative of the general withdrawal of the individual stockholder from the equity market. It is hoped that this trend will reverse at an early date and the company intends to work toward re-establishing the individual investor's interest in the market.

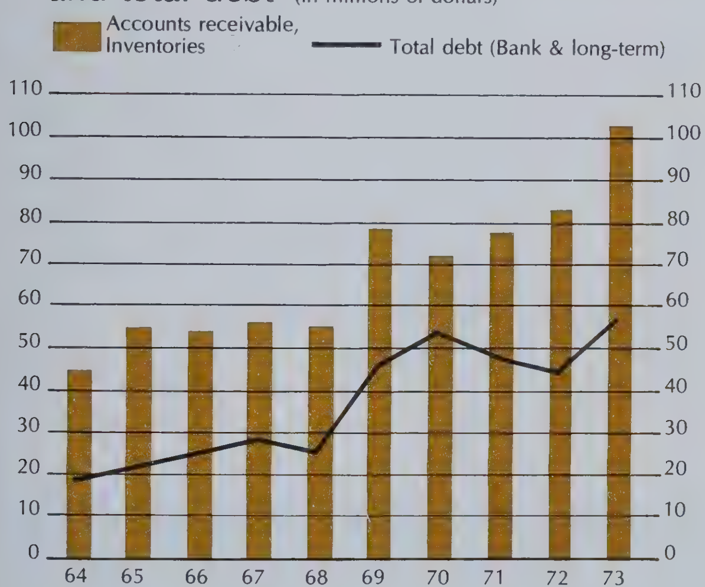
Distribution of 1973 Sales Dollar
(previous year in brackets)



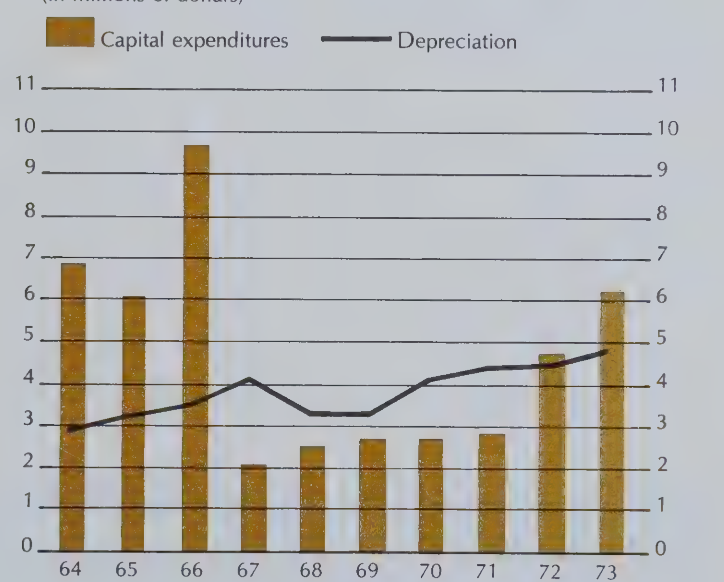
Sales and net earnings (in millions of dollars)



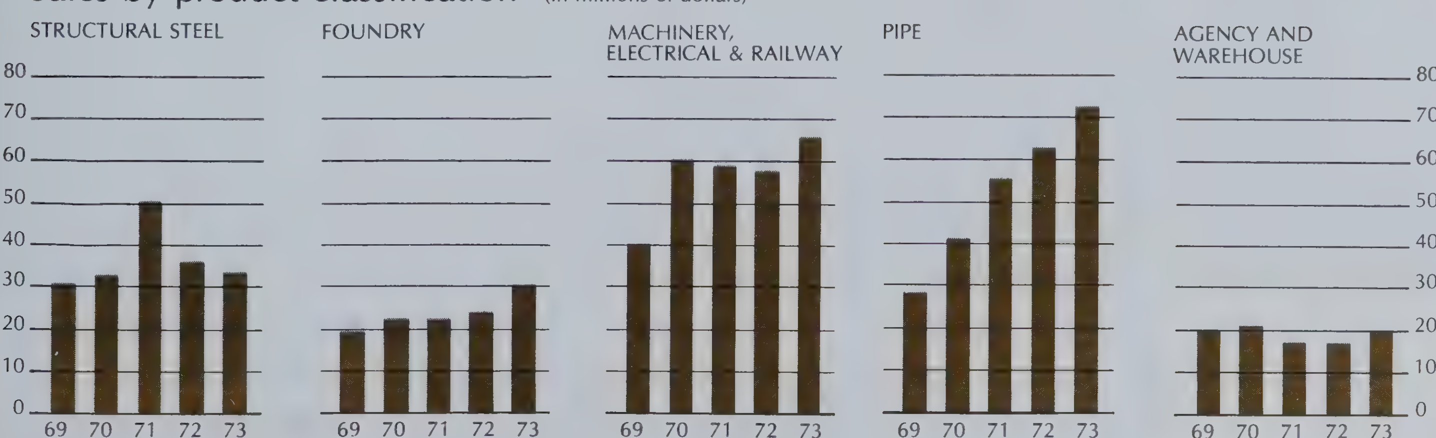
Accounts receivable, inventories and total debt (in millions of dollars)



Capital expenditures and depreciation
(in millions of dollars)



Sales by product classification (in millions of dollars)



OPERATIONS

C. M. Thomson, Group Vice-President, Machinery and Distribution; W. S. Cullens, Group Vice-President, Structural and Mechanical; and F. E. Miller, Group Vice-President, Pipe and Foundry.

Canron's operations are organized into twelve product-oriented divisions, each headed by a General Manager and with its own production, sales, engineering, purchasing and research and development functions. Three Group Vice-Presidents, reporting to the President, are responsible respectively for the Foundry and Pipe Divisions, the Structural Steel and Mechanical Divisions and the Matisa, Tamper, Pacific Press and Railway & Power Divisions. The Electrical Division reports directly to the President. In 1973 most divisions showed higher sales than in the previous year. Profit margins were better on average than in 1972 with most of the divisions exceeding corporate goals for return on investment. Common to all were difficulties in obtaining raw materials and recruiting skilled and stable work forces. Labour costs generally outpaced productivity gains and prices of materials and services escalated sharply. Forecasts for 1974 indicate a high level of activity for all divisions. The following is a summary of the Company's operations in 1973 and expectations for the coming year.

Two outstanding additions to the Toronto sky line are portrayed in this view. Canron is fabricating and erecting steel for the "Sky Pod" and transmission mast for the 1,805-ft. high CN Tower at the left, and for the 73-storey First Bank Tower, the tallest in the group to the right. (Canron also fabricated and erected steel for the 57-storey Commerce Court at the extreme right).

Structural and Mechanical Group

N. Dickinson, General Manager, Eastern Structural Division.

Eastern Structural. Through its Eastern Structural and Western Bridge Divisions, Canron is engaged in the design, supply, fabrication and erection of structural steel for buildings, bridges, transmission towers, container cranes and other miscellaneous plate work.

Business conditions in the structural steel industry in Eastern Canada improved steadily as the year 1973 progressed, despite some disruptions caused by steel shortages and labour problems. A large volume of work was available and prices improved from the low levels of recent years.

The worldwide shortage of steel which first became apparent in late 1972 continued and worsened in 1973. The price of offshore and U.S. steel increased sharply and only limited quantities were available. The Canadian steel mills operated at capacity but, with demand exceeding supply, steel was available only on an allocation or quota basis. Under these difficult supply conditions Eastern Structural's long commercial relationships with its traditional suppliers proved advantageous.

Major contracts completed in 1973 included 5,600 tons of structural steel for the terminal building at Mirabel Airport; 2,600 tons for the Gatineau Bridge; 3,760 tons for the Mississauga Post Office and 3,000 tons for Canada Cement Lafarge, Kingston.

About two thirds of the 45,000 ton joint venture Ontario Hydro Bruce Nuclear Generating Station contract was completed at the end of 1973.

A contract for the fabrication and erection of 46,000 tons of steel for the 73-storey First Bank Tower in Toronto, was awarded to a joint venture formed by Canron with another large fabricator. Erection has started and is scheduled for completion in the first quarter of 1975.

Another major contract was for 1,200 tons for the top portion of the world's tallest free-standing structure, the 1,805-ft. high CN Tower in Toronto. This involves the erection of steel for a "sky pod" (a circular seven story structure at the 1,100 foot level) and a 350 foot transmission mast at the top.

Late in the year a contract was received from Ontario Hydro for Aesthetic Transmission Poles. This is a new product of excellent potential for which a specialized manufacturing plant is being established at Toronto.

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1) Large steel column is lowered into place at the site of the First Bank Tower in Toronto. (Commerce Court in center background).

2) Aerial view of construction of Mirabel Airport Terminal, near Montreal.

B. E. Jackson,
General Manager, Western Bridge Division.

S. R. Palmer,
General Manager, Mechanical Division.

Manufacturing capabilities and techniques continue to be expanded and improved. In 1973, additions included a 35-ton shop crane, fully automatic welding equipment, one 100-ton mobile crane, an 82-ton mobile crane and two Favco Kangaroo cranes, the first of their type in Canada, which are initially being used on the First Bank Tower project.

Backlog at year-end was excellent and a large volume of work will be forthcoming in 1974.

Western Bridge. Market conditions for all Western Bridge's product lines were greatly improved in 1973. Prices were depressed early in the year but strengthened to a satisfactory level by year end. Fortunately, the division entered 1973 with a substantial backlog of work obtained at acceptable margins and booked a minimum of low price work.

Steel and labour supply deteriorated during 1973 and a great deal of time and effort was expended in resolving these problems.

Major contracts completed during the year included barges for Northern Transportation Ltd.; spillway gates for Manitoba Hydro's Jenpeg power project; two large electric arc furnaces in Edmonton; container cranes for the ports of Halifax and Saint John, and the 20-storey IBM Building in Vancouver. Good progress was made on a contract for Calgary Power's Sundance Generating Station which will be completed by the end of this year. The division was also successful in obtaining orders for the Edmonton Coliseum, spillway gates for Manitoba Hydro's Missi & Motigi power projects and the highrise Vancouver Centre project.

Extensive plant improvement and major additions to erection equipment were carried out which will greatly increase the division's competitiveness in the years ahead.

Western Bridge commenced 1974 with a solid backlog of work and the prospects are for a period of strong demand for the balance of the year.

Mechanical. The Mechanical Division's major products are rolling and finishing equipment for the steel industry, pulp and paper machinery, oil and gas pipeline valves, and a wide range of other industrial machinery and equipment.

Although slow to meet early expectations, demand for custom machinery intensified as the year progressed, with a notably increased requirement from the Canadian steel industry. Pulp equipment orders were at a lower level than in 1972 although revived activity is foreseen for 1974.

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1) Steel barges fabricated at Vancouver for Northern Transportation Company, Ltd.

2) Two Canron "Starporter" container cranes at Port of Halifax.

Sales of pipeline valves for the oil and gas industries were below targets, but this appears to be only a temporary delay. Sales for the year, although up from 1972, were significantly lower than forecast, and were adversely affected by extremely competitive pricing.

A major export order received was for a zinc casting and rolling mill in Turkey, to be financed by the Export Development Corporation.

The uncertain cost and availability of materials, particularly steel plate, in the latter part of the year will continue in 1974 and will require extreme caution in estimating as well as judicious pricing policies. At the same time the number of enquiries and thus overall prospects have improved. Backlog at the end of 1973 was substantially greater than a year ago.

Pipe and Foundry Group

J. G. Dunlop, General Manager, Pressure Pipe Division.

Pressure Pipe. This division is a leading manufacturer of ductile iron and concrete pressure pipe for the transmission and distribution of fluids and gases.

With unprecedented demand in all regions, notably for ductile iron pipe, the division set sales records for its iron products. A major factor was a strong housing market which totalled 260,000 housing starts. Although there may be some slowdown in 1974 because of rising construction costs and a decline in available serviced land, the long-term outlook remains good. There will also be large expenditures for main line water distribution and sewage disposal projects.

Sales of "Hyprescon" reinforced concrete pipe were below expectations due to delays and postponements of some major projects. Some of the larger contracts completed were orders for medium sized pipe (18"—48" diameter) for the Lambton County, Ontario, project valued at $1,900,000 and for the Regional Municipality of

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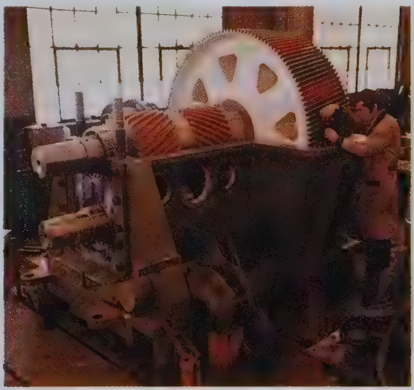

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1) Canron "Grove" valves in oil refinery at Come-By-Chance, Nfld.

2) Gear reducer assembly for rolling mill drive, at Trois-Rivieres Plant.

3) Two pulp machines supplied to Carter Oji Kokusaku Pan Pacific Limited of New Zealand.

W. C. Hamilton,
Acting General Manager,
Warren Pipe Division.

Ottawa — Carleton valued at $800,000 and a $700,000 order for 72″ diameter pipe for the City of Montreal.

The division recently developed what is known as "Wear Resistant" ductile iron pipe for use in ash-handling applications in coal fueled electric power generating stations. Demand for this product has been increasing and should continue strong as more generating plants, especially in the United States, convert to coal because of oil shortages.

Export sales of ductile pipe and fittings were about the same as in 1972. The bulk of the business is in Central American countries and the West Indies.

Overall production capacity and market coverage was increased through the purchase of a cast iron water pipe plant in Calgary.

Bookings were higher than usual in the final months of 1973 and this has continued in the current year. A $3,000,000 order has been received from the City of Montreal for 96″ diameter "Hyprescon" concrete pipe. A major addition to the Ville d'Anjou plant and special equipment are required to produce this pipe. The addition will be completed about mid-year, much of the equipment to be supplied by Canron's Mechanical and Electrical Divisions.

With the backlog on hand and encouraging prospects, 1974 should be a good year.

Warren Pipe. Warren Pipe, located in New Jersey, produces grey and ductile iron pressure pipe, and cast iron soil pipe for municipal and industrial markets throughout the Northeastern United States. The division showed a substantial increase in sales volume over 1972 with the ratio of ductile iron to grey iron sales increasing dramatically. This is similar to the trend in Canada. It is expected that this will continue and that eventually grey iron will be replaced in most applications due to the superior performance of ductile. Most of the operation and technical problems experienced in the previous year were resolved.

An additional casting machine was installed in 1973 to overcome an imbalance in the production of pipe when schedules call for large production runs of small diameter pipe. This will provide more capacity as well as operating flexibility.

While operating margin improved significantly, the profit level expected was not realized. The cost of iron and steel scrap, the primary raw material in the manufacture of pipe, rose at an unprecedented rate to a record high. At the same time, the effect of the U.S.

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1) 42″ diameter "Hyprescon" reinforced concrete pipe installation near Streetsville, Ont.

2) 84″ diameter "Hyprescon" reinforced concrete pipe installation at the City of Montreal, Que.

R. A. St. Louis, General Manager, Canron Plastics Limited.

price control legislation on other pipe manufacturers limited our ability to adjust prices so as to offset the higher costs.

Demand for pipe should be strong in the first half of 1974, but further increases in material costs are already evident. However, the recent removal of price controls on foundry products, which include cast iron pipe, should bring about a more normal cost/price relationship.

Plastic Pipe. Canron Plastics Limited manufactures plastic pipe and fittings of polyethylene, ABS and PVC thermoplastic compounds in diameters up to six inches. The products are extensively used for water distribution and sewage disposal systems; drain, waste and vent applications; and underground conduit.

The division exceeded sales targets and kept pace with the impressive overall growth of the plastic pipe industry in 1973. As the economy expanded during the year, demand increased and the plastic pipe market turned from one of over-supply to one of shortages. This was compounded by shortages of resin from the petrochemical industry.

A significant advance was the certification by the Canadian Standards Association and the acceptance under local building codes of CPVC, a chlorinated PVC pipe, for hot water transmission. It is expected that there will now be a sharp upturn in the use of CPVC pipe for hot and cold water building installations. CSA certification was also obtained for the use of PVC duct for high voltage power cable.

An important order was received to supply a complete, portable water distribution and sewage treatment system for the US Air Force. Developed in Canada, the system is designed for use in remote areas and under extreme climatic conditions.

A Canadian patent was obtained for Canron 3-Hole drainage pipe which provides superior distribution of effluents from septic tanks to subsurface disposal beds.

During the year, production and distribution facilities were expanded to meet market demand. New equipment was installed at St. Jacques plant for the production of Canron fittings and further expansion is planned for 1974 so that the division can produce the full range for its line of plastic pipe.

With the strong market for its products and continuing emphasis on advanced technology, the division is expected to show steady growth in 1974 and beyond. The limiting factor in the short term will be raw material availability.

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1) Installation of 12" diameter ductile iron pipe in Dominican Republic.

2) Canron's cast iron pipe plant at Calgary, purchased in 1973.

3) Canron's modern compression type fire hydrant.

J. M. Gandy,
General Manager, Foundry Division.

Foundry. The Foundry Division produces a broad range of grey iron and alloy iron castings at its plants in Hamilton and St. Thomas. The Wabi Iron Works plant at New Liskeard is a major supplier to the mining and other industries, its main products being iron castings, grinding billets, mill liners, mine cars, cages and skips.

The primary steel industry created a heavy demand for ingot moulds and stools and both of the Hamilton foundries worked at capacity nearly all year. The plants at St. Thomas and New Liskeard also operated close to capacity filling the demand for their various product lines from the railway, construction and mining industries. In total, production in 1973 was 20% higher than budget.

As in most iron foundry operations raw material costs increased significantly and close attention was required in pricing and delivery commitments.

Important new business has been developed for iron alloy castings with the agricultural equipment industry as a result of the installation of a new moulding system in the Hamilton alloy foundry. The division also continues to receive heavy bookings of short-run castings of grey, ductile and alloy iron because of the disappearance of many small jobbing foundries in Canada and the United States, which have been forced to discontinue operations due to the high cost of installing and maintaining pollution abatement equipment.

New products include a unique design of "cycle-proof" drain covers, developed to reduce the hazard of old-fashioned street gratings for cyclists. Another development is a new reinforced iron casting for ore grinding applications in which large mills are expressing considerable interest.

Expansions of the ingot mould plant, in Hamilton, and the Wabi plant, in New Liskeard, Ontario, are underway. Demand for foundry products will remain high in 1974 and record sales are anticipated. Raw material prices and availability remain a problem.

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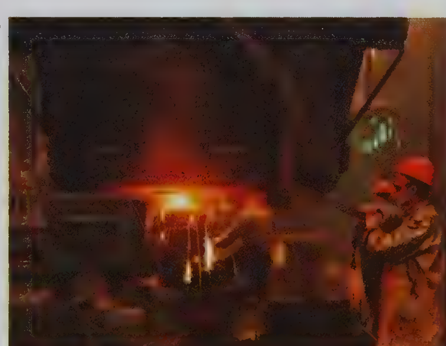

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1) Moulding of plastic pipe fittings at St. Jacques, Que., Plant.

2) Application of CPVC plastic pipe for hot and cold water distribution, and ABS for drainage.

3) Filling ingot mould flasks with molten iron at Hamilton plant.

4) 16" diameter ductile iron ball castings for large pipeline valves.

Machinery and Distribution Group

E. W. Pearson,
President, Pacific Press
& Shear Company.

Pacific Press. Pacific Press & Shear Company is a pioneer in the development of hydraulic presses for the metal-working industry and has a major share of the North American market for hydraulic presses, press brakes and shears. A worldwide network of dealers is well established, with 30 in the United States alone. Pacific products are also manufactured under license in Belgium for sale throughout Europe.

The unprecedented demands for machine tools from all types of industries resulted in the highest order rate and sales volume in the division's history. Financial results were well above target. The trend to increased acceptance of hydraulic machine tools, in a previously mechanically dominated market, is now clearly evident.

Sales volume in Canada surpassed previous records and exports to Mexico and South America also increased considerably. Pacific's licensee in Belgium showed excellent progress in manufacturing as well as good market penetration in Western Europe. Plans are being made to license in other foreign market areas.

Shipbuilders, steel fabricators and manufacturers of construction equipment and agricultural machinery were among the many customers requiring more and larger presses and shears. Order activity was not noticeably slowed by higher money rates or energy problems in the last quarter of 1973, although their effects may be felt at a later stage. Meanwhile, the current backlog of orders is over three times higher than last year.

Plant operations were on a multi-shift basis throughout 1973 and plans are being made for expansion of both plant and equipment during 1974 to meet anticipated growth. Several new, large machine tools were installed in 1973, including a modern numerically-controlled machining centre.

With a substantial portion of manufacturing capacity already booked for 1974 and the enthusiastic acceptance of new products developed in recent years, the outlook is promising.

Tamper. The division designs, manufactures, tests, and sells a complete range of railway track maintenance

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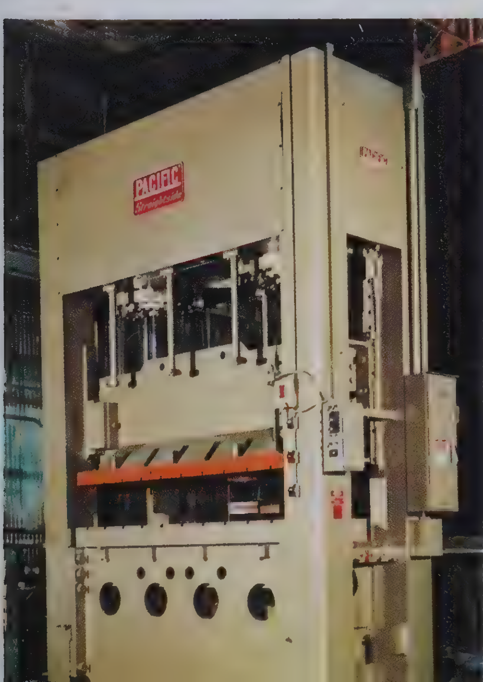

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1) "Pacific" Hydraulic Straight-side Press for deep drawing, blanking and punching.

2) "Pacific" Hydraulic Press Brake with automatic multiple gauging system.

3) Tandem "Pacific" Press Brakes forming 1" thick steel plate.

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J. K. Stewart, President, Tamper.

equipment to meet the needs of railways throughout the world. Manufacturing and assembly facilities are located in Canada, the United States and Australia.

In 1973 sales and operating profit set new highs as the economic upturn continued in the United States, Tamper's main market. At the same time, the energy situation, both as to price and availability, has brought about increasing concern for the transportation industry and has intensified the interest in railways on the part of government, traffic authorities, shippers and passengers. With railways now required to operate under more rigid Federal government regulations covering track maintenance, increased demand is expected for maintenance machinery and equipment and contract maintenance work.

In Canada, the company's market position was maintained. Freight car loadings continued to increase, while railway services, especially in the West, are being expanded. The Australian market was not particularly buoyant.

Continuing research and development activities resulted in the introduction of the Vibratool Tamper, designed to meet the needs of customers who require lower priced equipment to work on secondary lines. This unit can also be transported to work sites by highway transport and within highway clearances.

Development work continues on modification and improvement of the entire product line to meet the increasing demands for additional safety and efficiency.

Tamper is a leader in rapid transport maintenance equipment and expects a strong demand for its products as emphasis grows for increased efficiency in all modes of transportation. 1974 should set new volume records.

Matisa. Matisa Matériel Industriel S.A. also designs and manufactures railway track maintenance machines and equipment. Its products perform similar operations to those of Tamper but are designed to meet operating conditions and requirements in Europe and in other areas where established standards call for European designed equipment. Plants are located in Switzerland and Italy.

Operating results continue to be affected adversely by high development costs associated with the introduction of new equipment. Sales volume continues to increase with approximately half of 1973 volume coming from heavy tampers, including the first of the new highly technical machines.

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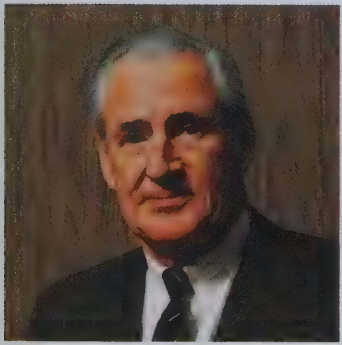
1) Junior Electromatic Tamper with Delta System Graphliner.

2) "Tamper" Switch and Yard Cleaning Snow Blower.

3) New Vibratool Tamper; less than 8 ft. wide, it can be moved to work sites by road transport.

R. Schwarz,
General Manager, Matisa Matériel Industriel S.A.



R. J. Conrath,
Vice-President and General Manager, Railway & Power Engineering Corporation, Limited

The remainder of sales included ballast cleaners, compactors, regulators, track measuring and auxiliary equipment.

Considerable research and development effort was expended on a new line of sophisticated track measuring equipment. Matisa is a leader in this field and the market potential is promising. A new high-capacity track renewal train with world-wide sales potential was also introduced.

With production facilities strained to capacity, a considerable amount of machining and fabrication was subcontracted. This will be relieved by better production scheduling, new equipment and the re-alignment and expansion of the Crissier, Switzerland plant. Skilled labour is still in short supply since Switzerland effectively has zero unemployment. Thus productivity improvement through modern tools is necessary.

With the certainty of continued growth in the railway transportation industry, it will be necessary to upgrade the quality of railway track. For this reason the outlook for track recording and maintenance equipment is excellent.

Railway & Power. Railway & Power Engineering Corporation, Limited is the sales agency division of Canron which represents a large number of Canadian, United States and European companies. The principal products are sold to the air, water and surface transportation industries and to resource and manufacturing industries across Canada.

Sales in 1973 increased 11% over the previous year and the backlog going into 1974 was the highest in recent years. Price levels of most products remained fairly constant during the year but general increases are expected.

A license has been obtained from AEI Cables Limited of England, to use water-cooled cable in Calvert bus duct which will permit higher power applications for the product. Stainless steel raw materials were dropped from the division's product line during the year and a number of new transportation and industrial products were added. A facility has been established in Montreal for the assembly of rubber, metal and teflon hose.

The New Glasgow, Nova Scotia, branch office and warehouse will be located in larger premises this year, to keep pace with the increased volume of business in the area.

With a strong current order position and increasing activity in Canada's transportation and manufacturing activities, 1974 should see further sales gains.

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1) Close-up of double tamping tools and optical receiver for Matisa B124.

2) Matisa B124, Double Head, Tamper-Leveller-Liner.

3) Matisa PSD-4 Ballast Regulator.

I. C. Ferrier, General Manager, Electrical Division.

Electrical Division. Canron's Electrical Division is a major producer of standard and special purpose rotating electrical equipment. The product line includes electric motors, generators, traction motors and related equipment, and variable speed drive systems with sophisticated electric/electronic controls. The division also operates service centres in Montreal and Toronto with complete facilities for the repair of a wide range of electrical equipment.

Business for the division improved in 1973. Sales, bookings and backlogs were up, particularly for medium range motors, generators and drives. In common with many other industries, substantial price increases for raw materials, especially for copper wire and, to a lesser extent, for steel were incurred. While better prices were obtained for some products, the rise in raw material costs considerably outstripped the increases. Emphasis continued to be placed on increased productivity and cost reduction.

Steel mill drives for the new Quebec Steel Products mill in Longueuil was one of the major orders booked in 1973. Other large orders were received for generators and a zinc rolling mill drive for export to Turkey. Production of fractional horsepower motors was discontinued under the terms of the agreement with Emerson Electric Canada Limited, to whom the Napanee plant and the FHP motor business was sold in 1972.

Service operations were good and one new service outlet was acquired during the year.

Order backlog is satisfactory and quotation activity for major orders is high. While further improvement in profit performance is necessary, prospects for 1974 are considerably better than in the past several years.

In March 1974 the division was awarded a contract for $32 million to supply traction motors and related electronic controls for the cars required for Montreal Metro subway extensions. The work will commence early in 1975 and extend to 1978.

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1) Welding of metal hose assembly at Railway & Power.

2) Marine dock fenders supplied by Railway & Power.

3) Electric motor production line at Lachine Plant.

4) 600 HP D.C. Motor for Quebec Steel Products, under test at Lachine.

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PERSONNEL

P. M. Draper, Vice-President and Secretary, and
F. A. Collier, Director, Personnel and Industrial Relations.

Under its continuing policy of providing opportunities for advancement to employees and in a major effort to overcome shortages in the market for skilled labour, the company augmented its training programs in 1973. It is evident that on-the-job training, supplemented by classroom instruction, has been of great assistance in improving the level of competence in production and technical occupations.

A company educational assistance policy, available to all employees, provides encouragement and financial assistance for participation in courses in relevant subjects provided by accredited schools, professional societies and other educational and training institutions.

With the diversity of operations and widely spread manufacturing locations, the number of people employed by Canron varies with the type of products manufactured as well as total sales volume. By the end of 1973 there were 918 more jobs available — an increase of 16% compared to the 12% increase in the company's sales. 4,462 employees, or over two-thirds of the work force of 6,573, were located in Canada. About one-fifth were employed in the U.S. and the remainder mainly in Europe.

Eleven collective labour agreements were negotiated during 1973, all for two-year periods. Wage rate adjustments were again uniformly high but settlements were reached without undue problems except at the Toronto plant of the Eastern Structural Division, where a six-week strike occurred before an agreement was concluded. Negotiations for the renewal of fifteen other agreements are scheduled in 1974.

The company's pension plans in Canada were modified effective January 1, 1974 to provide a 25% increase in past service pension benefits. Other improvements were made in the conditions for early retirement. Effective March 1, 1974 insurance plans for salaried employees will provide improved medical and long term disability benefits, and the employees' contributions to the cost of these plans are reduced or eliminated.

The company's already vigorous safety activities were given further impetus through active employee participation and increased collaboration with government and industry accident prevention agencies. The extension and consolidation of statistical data in this important field has increased the awareness of supervisors and employees that safety is a basic element of the company's working procedures.

Fifty-nine employees retired during the year and 604 employees and 42 widows of employees are now receiving benefits from the company retirement plan. Sixty-six employees are receiving payments under the long term disability plan. The acquisition of an iron pipe plant in Calgary brought 95 more employees into the Canron family. A memorandum of agreement was signed providing for a continuation of the existing collective labour agreement and the transfer of prior service credit for seniority rights and employee benefits.

Divisions, Subsidiaries and Products

EASTERN STRUCTURAL DIVISION N. Dickinson, General Manager Main Office: 100 Disco Road, Rexdale, Ontario M9W 1M1 Offices: Lachine, Ottawa, Rexdale Plants: Ottawa, Rexdale WESTERN BRIDGE DIVISION B. E. Jackson, General Manager Main Office: 145 West First Avenue, Vancouver, B.C. V5Y 1A2 Office & Plant: Vancouver	Structural Steel for Buildings & Bridges (fabrication & erection) Steel Joists Warehouse Steel Towers Hydraulic Gates Bulk Loading Terminals	Container Cranes Gantry Cranes Conveyor Systems Microwave Structures Tanks and Plate Work Shipping Containers Galvanizing
ELECTRICAL DIVISION I. C. Ferrier, General Manager Main Office: 160 St. Joseph Blvd., Lachine, Quebec H8S 2L5 Offices: Lachine, Toronto Plant: Lachine Service Centers: Montreal (2), Toronto	Alternators Electric Motors D.C. Machines (Motors & Generators)	Traction Equipment Industrial Drive Systems
FOUNDRY DIVISION J. M. Gandy, General Manager Main Office: 169 Eastern Avenue, Toronto, Ontario M5A 1H7 Offices: Toronto, Hamilton, New Liskeard Plants: Hamilton (2), St. Thomas, Toronto, New Liskeard	Ingot Moulds Tunnel Liners Grey Iron Castings Brakeshoes Grinding Billets Mill Liners	Municipal Castings Alloy Iron Castings Mine Cars, Cages & Skips
MECHANICAL DIVISION S. R. Palmer, General Manager Main Office: 100 Disco Road, Rexdale, Ontario M9W 1M1 Offices: Lachine, Rexdale, Calgary, Edmonton, Vancouver Plant: Trois-Rivières	General Equipment Pulp & Paper Equipment	Rolling Mill Equipment Valves & Regulators
PRESSURE PIPE DIVISION J. G. Dunlop, General Manager Main Office: 10350 Ray Lawson Blvd., Ville d'Anjou, Quebec H1J 1M2 Offices: Dartmouth, Saint John, Ville d'Anjou, Trois-Rivières, Quebec City, Ottawa, Toronto, Winnipeg, Edmonton, Calgary, Vancouver Plants: Ville d'Anjou, Trois-Rivières, Toronto, Rexdale, Calgary	Ductile Iron Pipe Concrete Pressure Pipe	Fittings Hydrants
CANRON PLASTICS LIMITED R. A. St. Louis, General Manager Main Office: 9851 Ray Lawson Blvd., Ville d'Anjou, Quebec H1J 1L6 Offices: Ville d'Anjou, Rexdale Plants: Berthierville, St. Jacques, Rexdale	Plastic Pipe (PVC, ABS and polyethylene)	Fittings

WARREN PIPE DIVISION W. C. Hamilton, Acting General Manager Main Office: 183 Sitgreaves St., Phillipsburg, N.J. 08865 Offices: Phillipsburg, Boston Plant: Phillipsburg	Grey Iron Pipe Ductile Iron Pipe Soil Pipe	Fittings
MATISA MATÉRIEL INDUSTRIEL S.A. R. Schwarz, General Manager Main Office: Arc-en-Ciel 2, Crissier, Switzerland Offices: Crissier, Switzerland; Bielefeld, West Germany; Palomba, Italy; Bedford, England Plants: Crissier, Renens, Switzerland; Palomba, Italy TAMPER J. K. Stewart, President Main Office: 2401 Edmund Road, West Columbia, S.C. 29169 Offices: Columbia, Lachine, Melbourne Plants: Columbia, Lachine, Melbourne	Fully Automatic Ballast Tampers Power Tamping Jacks Track Liners & Switches Switch Tampers Spike Pullers & Drivers Cross-tie Renewers Rail Bolters, Drills & Lubricators Snow Blowers Ballast Cleaners, Regulators Ramming Machines Track Laying & Lifting Equipment	Rail Welding & Recon- ditioning Equipment Track Recording Cars Push & Motor Cars Brush Cutters Rail Saws
PACIFIC PRESS & SHEAR COMPANY E. W. Pearson, President Main Office: 421 Pendleton Way, Oakland, California 94621 Offices: Mount Carmel, Ill., Oakland, California Plant: Mount Carmel	Hydraulic Press Brakes Hydraulic Shears Hydraulic Presses Hydraulic Straightside Presses Pressformers Dies	Automatic Gauging Equipment Special Hydraulic Equipment Hydraulic Control Valves and Accessories
RAILWAY & POWER ENGINEERING CORPORATION, LIMITED R. J. Conrath, Vice-President and General Manager Main Office: 3745 St. James St. West, Montreal, Quebec H4C 1H4 Offices: New Glasgow, Montreal, Trois-Rivières, Ottawa, Toronto, Hamilton, Sault Ste. Marie, Winnipeg, Edmonton, Calgary, Vancouver Warehouses: New Glasgow, Montreal, Toronto, Hamilton, Winnipeg, Edmonton, Vancouver	Rail, Truck, Bus & Aviation Products Instrumentation & Electronic Products Hydraulic & Pneumatic Products Vibration Absorbers Materials Handling Equipment	Valves Plastics Trackwork & Related Supplies Air Moving & Conditioning Equipment

Directors and Officers

DIRECTORS

W. J. Bennett□
President, Iron Ore Company of Canada, Montreal
S. R. Blair
President and Chief Executive Officer, The Alberta Gas Trunk Line Co. Limited, Calgary
P. Côté
President, Laiterie Laval Limitée, Quebec
J. S. Dinnick
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